

*Senate Budget and Fiscal Review—Wesley Chesbro, Chair***SUBCOMMITTEE NO. 5****Agenda**

**Gloria Romero, Chair**  
**John Campbell**  
**Mike Machado**

**PART B**

**Thursday, May 19, 2005**  
**Upon Adjournment of Session**  
**Room 112**

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## **0690 Office of Emergency Services**

### **OES Issues Proposed for Vote-Only**

#### **1. New Headquarters Perimeter Fencing.**

*Budget Request.* This proposal requests funding of \$1,493,000 from the General Fund for the construction phase of the installation of steel tube perimeter fencing at the new OES headquarters.

*Staff Comments.* The Subcommittee held this issue open on April 7, pending additional information concerning whether this project could be funded with federal monies. The OES has indicated that this project would not be eligible for federal funds.

#### **2. Grant Administrative Workload Increase.**

*Budget Request.* This proposal requests 9 positions to address workload increases created by the closure and programmatic transition of OCJP criminal justice programs and the addition of the Office of Homeland Security to OES. OES administrative staff has been unable to adequately support fiscal operations necessary to support ongoing emergency management programs, and the new homeland security and criminal justice grant programs. OES indicates that funding in the amount of \$605,000 will be redirected from within existing resources for these positions.

*Staff Comments.* The Subcommittee held this issue open on April 7, pending additional information concerning workload at the OES. The OES has indicated that it has not been able to meet mandated timelines for administrative functions related to grants.

#### **3. May Revise. Adjustment to the Nuclear Planning Assessment Special Account.**

*May Revise Request.* This Finance Letter proposes an increase of \$81,000 from the Nuclear Planning Assessment Special Account. This is an annual adjustment based on economic changes reflected in the California Consumer Price Index.

#### **4. May Revise. Disaster Response and Recovery Funding.**

*May Revise Request.* This Finance Letter proposes an increase of \$35 million to provide funding for the estimated costs of response to and recovery from two recent federally-declared disasters, known as the 2005 Winter Storms, and the 2005 February Flood/Mudslide. These amounts represent the state share of the costs of disaster recovery and response, as defined in the California Disaster Assistance Act.

*Staff Comments.* No additional issues have been raised concerning the items on the proposed vote-only list.

Action

## OES Discussion Issues

### 1. May Revise. Fire Engines for Mutual Aid Response.

*May Revise Request.* This Finance Letter proposes an increase of \$5 million from the General Fund to purchase new fire engines for mutual aid response consistent with the recommendations of the Blue Ribbon Commission. After the October 2003 Southern California Wildfires, the Blue Ribbon Commission was formed. Recommendation #6 of the report recommends that the state develop a program to fund the acquisition of 150 additional OES fire engines and the requisite logistical support. This request would fund the purchase of 19 additional engines.

*Analyst's Recommendation.* The LAO notes that the administration has requested funding for the California Department of Forestry and Fire Protection (CDF) to also purchase fire trucks. Some of the proposed OES fire trucks are the same as the proposed CDF fire trucks. In procuring the fire trucks, the LAO believes that OES and CDF could achieve some savings if they were to collaborate on their fire truck purchases. For this reason, the LAO recommends that the Legislature adopt the following budget bill language:

It is the intent of the Legislature that the Office of Emergency Services and the California Department of Forestry and Fire Protection, with assistance from the Department of General Services, collaborate to the extent possible in the purchasing of fire trucks.

Action

**2. May Revise. Establish Office of Homeland Security as a New Agency**

*May Revise Request.* This Finance Letter proposal consists of the following:

- \$7.4 million in federal funds and 21 positions for additional support of OHS activities.
- \$22 million in federal funds for state operations.
- \$117 million in federal funds for local assistance.
- Trailer bill language to establish OHS as a separate department and various budget bill provisions which would spilt the funding of OHS activities between the OES (from 7/1/05 to 12/31/05) and OHS (from 1/1/06 to 6/30/06).

*Analyst's Recommendation.* The LAO has not have any issues with the proposed staffing and funding increases. However, the LAO has raised concerns with the proposed trailer bill language. First, the LAO indicates that there are a number of significant policy issues related to the authorization of OHS which deserve policy consideration by the Legislature. For example, the administration is proposing establishing OHS as a separate standalone department. The LAO notes that Legislature may wish to consider other alternatives such as authorizing OHS to be over OES (which would be similar to the federal Department of Homeland Security model) or continuing to have OHS as a part of OES (which would be consistent with the current situation). In addition, the LAO indicates that the proposed trailer language contains some significant policy issues such as allowing OHS to (1) issue search warrants and (2) be exempt from the entire Administrative Procedure Act. In the view of the LAO, both of these policy issues require significant legislative input which is not typically provided through the budget committee process. For these reasons, the LAO recommends that the Legislature reject the proposed trailer bill and direct the administration to seek approval of the language through a policy bill.

Action.

**3. May Revise. State Antiterrorism Funds**

The Governor's Budget provided \$100,000 from the Antiterrorism Fund for state grant administrative costs that were not covered by the federal grants. The May Revision proposes to reduce the state operations appropriation by \$90,000 and then allocate the \$90,000 to local assistance.

*Analyst's Recommendation.* The LAO indicates that it is not clear why this change is being proposed, noting that there is no proposed language to create a state funded grant program. For that reason, the LAO recommends that the Legislature eliminate the \$90,000 in local assistance and increase the state operations by \$90,000 to reflect the Governor's January budget proposal.

Action.

## 0552 Office of the Inspector General

### OIG ISSUES

#### 1. May Revise. Workload Budget for the OIG.

*May Revise Request.* This Finance Letter proposes an increase of \$4.1 million General Fund and 23.4 positions based a methodology developed to produce a workload-based budget as required by Chapter 733, Statutes of 2004. The new workload adjustments are based on the development of workload standards for position classifications and estimates of the number of reviews and investigations performed.

*Workload Increases.* A total of 8.8 positions are requested for the Bureau of Audits and Investigations (BAI), including 4.8 Deputy Inspector Generals (DIGs) 1 DIG IN-Charge, 1 Associate DIG and 2 Management Services Technicians. Estimates anticipate that the BAI will conduct 14 special reviews, 4 follow-up reviews of management review audits, 14 follow-up reviews on special reviews, 18 investigations of retaliation inquiries and criminal administrative cases, and 5,670 intakes or initial reviews of complaints and requests filed.

A total of 12 positions are requested for the Bureau of Independent Review (BIR), including 11 DIG positions and 1 Executive Secretary. The BIR's focus will be on internal affairs. Estimates anticipate that BIR will conduct 1,256 Category II investigations, 250 Category I investigations, 36 in-custody death investigations, and 100 Serious Medical Reviews, and that the central intake function will contribute 1,788 hours of annual workload to determine where cases should be investigated. The request also includes 3 administrative positions.

#### 2. May Revise. Workload Associated with the YACA Reorganization.

*May Revise Request.* This Finance Letter proposes \$3.4 million General Fund and 18.9 positions to implement additional workload resulting from the Youth and Adult Correctional Agency Reorganization. The funding will allow the OIG to perform pre-appointment reviews of prospective wardens, audits of each correctional institution at least once every four years, and a one year post-appointment audit of new wardens mandated in SB 737.

*Staff Comments.* The LAO notes that the positions for both of these requests are budgeted at top-step rather than budgeted at mid-step. The LAO indicates that budgeting these positions at mid-step would provide General Fund savings of \$982,000.

Action.

## **5460 Department of the Youth Authority**

### **CYA ISSUES PROPOSED FOR VOTE-ONLY**

#### **1. May Revise. Ward/Parole Population Adjustment**

*May Revise Request.* This Finance Letter proposes a net decrease of \$3,251,000 to reflect revisions in the projected growth of ward and parole populations. This decrease is composed of an increase of \$10,136,000 General Fund, a decrease of \$3,554,000 General Fund Proposition 98, and a decrease of \$9,833,000 in Reimbursements.

Adjusted for recent population trends, the May Revision reflects an estimated year-end ward population of 2,616, a decrease of 715 wards than projected in the 2005-06 Governor's Budget. The projected year-end parolee population is now estimated to be 3,375, a decrease of 75 parolees below the numbers assumed in the January budget. However, the estimates reflect an increase in the number of parolees that require more staff intensive re-entry services; therefore, the cost of overseeing Youth Authority parolees has increased by \$118,000. This adjustment also reflects an increase of \$3,449,000 General Fund to correct an error in the way the California Youth Authority (CYA) budgeted prior year institution closures.

#### **2. Meet Educational Needs for Wards in Special Management Programs**

*Finance Letter Request.* This Finance Letter proposes an increase of \$555,000 General Fund and 6 Youth Correctional Officer positions to replace the use of Special Program Areas with the presence of a Youth Correctional Officer in classrooms where there are wards in Special Management Programs.

#### **3. May Revise. Lease Revenue Adjustment**

*May Revise Request.* This Finance Letter proposes an increase of \$154,000 General Fund, and a decrease in Reimbursements of \$166,000 associated with Lease Revenue Bond debt service adjustments that were reflected in a set aside Item in the January 10 Budget, related to Control Section 4.30.

#### **4. May Revise. Updated Debt Service Payment.**

*May Revise Request.* This Finance Letter proposes a decrease of \$19,000 General Fund and an increase in Reimbursements of the \$19,000 to reflect a reduction in base rental fees due to an updated debt service payment schedule for lease revenue funded projects.

#### **5. Technical Adjustment to Change Funding Source for County Reimbursements**

*Finance Letter Request.* This Finance letter requests an increase of \$24,976,000 General Fund and a decrease of \$24,976,000 Reimbursements to reflect the permanent change of budgeting the amounts received from the counties as revenues instead of reimbursements. The DOF indicates

that this technical adjustment will address cash flow and administrative problems experienced by the Department.

#### **6. May Revise. Budget Bill Language Related to Loans.**

*May Revise Request.* This Finance Letter proposes to delete budget bill language related to General Fund loans to CYA for operational cashflow obligations. An April 1 Finance Letter requested that county sliding-scale reimbursements be budgeted as revenue rather than reimbursements, with this change, the loan authority in this provision will no longer be needed.

Delete the following language:

2. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund to the Department of the Youth Authority for the purpose of meeting operational cashflow obligations for the 2005-06 fiscal year. The loan shall not exceed the estimated amount for uncollected reimbursements pursuant to Chapter 6 of the Statutes of 1996, for the final quarter of any fiscal year in which the loan is to be provided.

#### **7. May Revise. Loan Forgiveness.**

*May Revise Request.* This Finance Letter requests that language be added to specify that a General Fund loan provided to the CYA in fiscal year 2003-04 shall not be repaid. The forgiveness of this loan was included in the Governor's Budget calculations, however, this technical language was inadvertently left out of the proposed Budget Bill.

5460-403—Of the amount loaned pursuant to Provision 2 of Item 5460-001-0001, Budget Act of 2003, (Ch. 157, Stats. 2003), \$4,800,000 will not be required to be repaid.

#### **8. Finance Letter. Post Relief Factor**

*Finance Letter Request.* This Finance Letter proposes an increase of \$6,579,000 General Fund and 65.8 positions to augment the funding provided for relief of posted positions. This increase is primarily attributable to an increase in the relief needed to fund the accrual amounts for vacation and sick leave for posted positions.

Of the proposed new positions, 11.9 are Youth Correctional Officers; 5.9 are Sergeants; 5.4 are Lieutenants; 30.5 are Youth Correctional Counselors; and 12.1 are Senior Youth Corrections Counselors.

#### **9. Improvements in the Hiring Process**

*Finance Letter Request.* This Finance Letter proposes an increase of \$750,000 General Fund and nine positions to provide additional resources to recruit, test, and hire qualified staff. The funding would provide (1) two recruiter positions and 2 office technician positions to establish a recruitment program and a permanent testing center, (2) funding to contract with a chief psychologist and interviewing psychologists to conduct peace officer psychological screening evaluations (currently these screenings are performed by the State Personnel Board), and (3) two physical testing & evaluation specialists.

**10. Substance Abuse Treatment Funding**

*Finance Letter Request.* This Finance Letter proposes an increase of \$1,417,000 General Fund to backfill lost federal funds that were previously used to fund substance abuse treatment programs. This funding will continue the current drug treatment programs at CYA with the existing funding level. The CYA indicates that any changes to this program will be contemplated as part of the Remedial Plans that are filed with the court in November 2005.

**11. Budget Packages and Advance Planning.**

*Budget Request.* The budget proposes \$250,000 for capital outlay budget packages and advanced planning. This is the level historically provided to the department for the annual development of capital outlay plans and budget requests.

**12. Fire Protection Sprinkler Systems.**

*Budget Request.* The budget proposes \$646,000 for preliminary plans to install fire protection sprinkler systems in housing units and buildings. Total costs for this project are estimated at \$13.6 million. The CYA indicates that this request is a fire, life safety issue. The Subcommittee previously held this item due to concerns that upgrades would be made to facilities that would no longer be used by the CYA. The CYA has indicated that this is funding for preliminary plans and that it will prioritize projects where the need is greatest and in facilities that it plans to continue to use.

**13. Central Kitchen Renovation of Floor and Blast Chillers.**

*Budget Request.* The budget proposes \$197,000 for preliminary plans and working drawings to replace existing concrete floor and blast chiller system at Northern California Youth Correctional Center. Total costs are estimated at \$1.2 million. The CYA indicates that this project is a high priority. This kitchen provides food for multiple facilities, and the current floor is in danger of collapsing.

**14. Minor Capital Outlay Projects.**

*Budget Request.* The budget proposes \$2.5 million for minor capital outlay projects statewide. This amount is similar to the amount in the current year.

*Staff Comments.* No issues have been raised concerning the proposed Vote-Only issues.

Action.



**CYA ISSUES RELATED TO FARRELL SETTLEMENT PROPOSED FOR DISCUSSION****1. Farrell Remedial Plans.**

The administration has proposed funding for four remedial plans that have been adopted by the court -- Education, Sex Offender Treatment, Disabilities, and an Interim Mental Health. The funding requested totals \$23.9 million in the budget year, of which \$14.8 million is from Proposition 98 funds. In addition, the CYA reports that it will file the Mental Health and Rehabilitation Remedial Plan and the Ward Safety and Welfare Remedial Plan to the court by November 30, 2005.

***Educational Remedial Plan Resources.*** This Finance Letter proposes an increase of \$17,088,000 General Fund, of which \$14,786,000 is Proposition 98 and \$2,302,000 is non-Proposition 98, is requested to implement the Education Remedial Plan required by the *Farrell v. Allen* lawsuit and submitted to the Court on March 1, 2005. The funding would include funds for 208 new positions to begin adjusting the ward to teacher ratios to the levels in the Remedial Plan by the end of the 2006-07 fiscal year. Of the new positions requested 80 are teacher positions, 10 are special education teachers, and 40 are teaching assistants.

***Interim Mental Health Remedial Plan Resources.*** This Finance Letter proposes an increase of \$1,215,000 General Fund and 14.7 permanent intermittent positions to implement the Mental Health Interim Remedial Plan required by the *Farrell v. Allen* lawsuit and submitted to the court on April 8, 2005. The funding in this proposal is intended to address the most critical mental health delivery needs. A final Mental Health and Rehabilitation Remedial Plan will be filed with the courts by November 30, which will include proposals for programmatic changes. The interim plan would provide funds to implement suicide watch improvements and provides \$200,000 to continue and expand the Ward Core Journal Program.

***Sex Offender Treatment Remedial Plan Resources.*** This Finance Letter proposes an increase of \$2,464,000 General Fund and 19 positions to implement the Sex Offender Treatment Remedial Plan required by the *Farrell v. Allen* lawsuit that was submitted to the court on May 16, 2005.

***Disability Remedial Plan Resources.*** This Finance Letter proposes an increase of \$3,108,000 General Fund and 12 positions to implement the Disability Remedial Plan required by the *Farrell v. Allen* lawsuit that will be submitted to the court on May 16, 2005.

***Analyst's Recommendation.*** The LAO indicates that the proposals generally address the issues identified in the related expert reports and remedial plans. However, in light of the level of expenditures proposed and anticipated, the LAO recommends that the Legislature adopt Supplemental Report Language requiring the department to report on its progress in meeting the goals and objectives of each of the remedial plans funded in the budget. In addition, for the Disability Remedial Plan, the DOF indicates that the plan includes 1.9 positions and \$173,000 related to ADA coordinators for parole offices. Since the parole offices are not part of the remedial plan, those positions should be reduced from the request.

5460-001-0001. The Department of the Youth Authority shall report to the fiscal committees of the Legislature and the Legislative Analyst's Office on or before December 1, 2005 on the implementation of the *Farrell v. Allen* remedial plans. The report shall include, but is not limited to, the following information. For the education remedial plan, the department shall report on the number of filled new positions and the status of negotiations with the union regarding retention and recruitment bonuses. For the sex offender plan, the department shall report on (1) the number of wards requiring inpatient and outpatient services; (2) the number of sex offender beds that are filled and the number that are available; and (3) the plan to evaluate the effectiveness of the program. For the disabilities remedial plan, the department shall also report on its progress completing the nine projects identified for completion in 2005-06. For the mental health and rehabilitation remedial plan, the department shall report (1) how it is currently evaluating the effectiveness of the Ward Core Program journals; (2) the progress made to date on the development of the second journal in the series; and (3) how many wards are projected to use the second journal.

Action.

## **2. May Revise. Proposed Budget Bill Language Regarding *Farrell v. Allen* Remedial Plans Due to Court During Fiscal Year 2005-06—**

*May Revise Request.* This Finance Letter proposes Budget Bill language that would authorize the Director of Finance to increase the amount appropriated, with specified notice to the Legislature, for purposes of implementing any remedial plans that are required to be submitted to the court during the 2005-06 Fiscal Year to comply with the *Farrell v. Allen* lawsuit. Three plans, the Final Medical Care Remedial Plan, Final Mental Health Remedial Plan, and General Ward Safety and Welfare Remedial Plan, are due to the court during the fall of 2005. Until these plans are complete, the fiscal implications will not be known. However, it is expected that the court will require implementation of the plans shortly after submittal.

X. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in this item in excess of the amount appropriated for purposes of implementing the Medical Care Remedial Plan, Mental Health Remedial Plan, and General Ward Safety and Welfare Remedial Plan that will be submitted to the court during fiscal year 2005-06 for purposes of compliance with the consent decree in *Farrell v. Allen*, and for no other purpose. The Director of Finance may not approve any expenditure unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations no later than 30 days prior to the effective date of approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may determine. As part of the approval process the Department of Finance shall provide a detailed written justification for the requested funding to the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee on each house that considers appropriations.

Action.

### **3. May Revise. Juvenile Justice Reform**

*May Revise Request.* This Finance Letter proposes an increase of \$3.1 million and 20 positions to provide resources to begin implementation of a major reform of juvenile justice in California, particularly the state's approach to addressing youthful offenders who pose the greatest risk to public safety.

*Related Finance Letter Request -- Programmatic Review of CYA Facilities.* The administration has also proposed \$1 million in the CYA budget for a programmatic review of CYA Facilities.

Together, these proposals request \$4.1 million to develop a plan for reforming the juvenile justice system. Of the total amount, these proposal request \$2.4 million for 20 staff positions, \$1.5 million in contract funding for facilities assessment and planning workload, and \$200,000 in contract funding for subject matter experts.

*Analysts Recommendation.* The LAO recommends a reduction of \$660,000 from the staffing. This amount reflects budgeting the positions at mid-step for a 6-month period. The LAO notes that using the mid-step is consistent with standard budgeting practices, and notes that the 6-month period may be a more realistic timeframe for filling positions.

Action.

**CYA ISSUES RELATED TO FARRELL SETTLEMENT PROPOSED FOR CONSENT / VOTE-ONLY****1. Farrell v. Allen Consent Decree Monitoring Costs**

*Finance Letter Request.* This Finance Letter proposes an increase of \$1,730,000 General Fund to pay for costs related to oversight, monitoring, and implementation of the activities required by the consent decree. This request also includes budget bill language providing authority to augment this item to pay for the cost of attorney fees pursuant to the consent decree.

**2. Ward Information Network**

*Finance Letter Request.* This Finance Letter proposes an increase of \$1,062,000 General Fund and 5 positions to update the Ward Information Network information technology system to ensure that CYA has access to ward data needed to implement various aspects of the *Farrell v. Allen* lawsuit.

**3. Use of Force Management and Review Process**

*Finance Letter Request.* This Finance Letter proposes an increase of \$360,000 General Fund and 3.8 Associate Government Program Analyst positions to improve the monitoring and evaluation of use of force incidents in CYA facilities. This funding is intended to comply with the *Farrell v. Allen* lawsuit.

**4. Ward Grievance System**

*Finance Letter Request.* This Finance Letter proposes an increase of \$1,109,000 General Fund and 12 positions to improve the system for addressing ward grievances at CYA facilities. This funding is needed to comply with the *Farrell v. Allen* lawsuit. The experts reported problems with the grievance system include responses not being timely or adequate, and that wards have lost faith in the ability to obtain a fair resolution through the system.

**5. Comprehensive Classification System**

*Finance Letter Request.* This Finance Letter proposes an increase of \$250,000 General Fund to develop assessment instruments that measure the level of risk and needs of the wards and classify wards according to custody and security levels. The request budgets ongoing annual costs of \$30,000 for the classification system. The department indicates that these tools will be critical in implementing various aspects of the *Farrell v. Allen* lawsuit. The department indicates that this funding is requested as part of a long-term plan for a new classification system.

*Staff Comments.* No issues have been raised concerning these vote-only issues related to the Farrell consent decree.

Action

**OTHER CYA DISCUSSION ITEMS****1. DNA Request**

*Budget Request.* The budget proposes an increase of 1 position and \$525,000 in one-time funding for costs associated with the implementation of the new Proposition 69 DNA initiative passed by the voters in November 2004.

*Issue.* The CYA has indicated that it plans to collect buccal samples from parolees beginning in the budget year. The request assumes that parole agents will require overtime pay to collect the DNA samples. The LAO notes that parole agents currently collect drug test samples from parolees while they are performing their monthly parole contact visits.

*LAO Recommendation.* The LAO notes that one advantage of the buccal swab is its ease of use. The LAO recommends a reduction of \$40,000 for parole agent costs, consistent with the action taken in the CDC budget.

Action.

**2. Training Needs Assessment and Training Resources**

*Finance Letter Request.* This Finance Letter proposes an increase of \$1.5 million General Fund to conduct a comprehensive assessment of the staff training necessary to implement various aspects of the *Farrell v. Allen* lawsuit and to provide backfill funding to train staff in posted positions once the needs assessment is complete and the training delivery method is determined.

The request includes \$500,000 on a one-time basis to contract for a training needs assessment. The department indicates that the assessment will identify the gap between currently mandated training and the new training requirements mandated in remedial plans.

In addition the proposal requests \$1 million on an on-going basis to pay for design and development of curricula for the training identified in the needs assessment and for any back-up or overtime needed to pay for posted staff to attend training beyond 40 hours annually.

Action

## 0550 Secretary for Youth & Adult Correctional Agency

### YACA DISCUSSION ISSUES

#### 1. New Budget Display for the Department of Corrections and Rehabilitation.

*May Revise Request.* As part of the May Revise, the administration has proposed a new budget display for the reorganized Department of Corrections and Rehabilitation. The proposed budget display combines all of the Budget Items for the departments within the Youth and Adult Correctional Agency (YACA) into a new Budget Item. The appropriations for the department are combined in one new program budget display. The numbers printed in this agenda are for display purposes and conform to the amounts in the Governor's May Revise proposal, and do not take into account actions taken by the Subcommittee.

5225-001-0001—For support of the Department of Corrections and Rehabilitation.....**6,644,902,000**

Schedule:

(1) 10-Corrections and Rehabilitation	
Administration.....	206,141,000
(2) 15-Corrections Standards Authority.....	5,596,000
(3) 20-Juvenile Operations.....	170,098,000
(4) 21-Juvenile Education, Vocations	
and Offender Program.....	85,848,000
(5) 22-Juvenile Paroles.....	35,659,000
(6) 23-Juvenile Healthcare.....	55,976,000
(7) 25-Adult Corrections and Rehabilitation	
Operations.....	4,272,440,000
(8) 30-Parole Operations-Adult.....	592,143,000
(9) 35-Board of Parole Hearings.....	78,597,000
(10) 45-Education, Vocations and Offender	
Program-Adult.....	246,406,000
(11) 50-Correctional Health Care Services...	1,044,977,000
(12) Reimbursements.....	-85,316,000
(13) Amount payable from the Corrections	
Training Fund (Item 5225-001-0170).....	-2,486,000
(14) Amount payable from the Federal	
Trust Fund (Item 5225-001-0890).....	-4,744,000
(15) Amount payable from the Inmate	
Welfare Fund (Item 5225-001-0917).....	-56,433,000

*Staff Comments.* All of the budget bill provisional language included for the new department is identical to the language proposed for the in the January budget. The Subcommittee may wish to approve the Finance Letter, but with amendments to reflect all actions taken by this Subcommittee related to the Youth and Adult Correctional Agency (0550), the Department of Corrections (5240), the Board of Corrections (5430), the Board of Prison Terms (5440), the Youth Authority (5460), and the Commission on Correctional Peace Officers' Standards and Training (5480). With approval of this Finance Letter, the fiscal details will be in conference due to differences in the actions between the Senate and the Assembly. Staff will continue to work with YACA, the Department of Finance and the LAO to track the expenditures from the old display to the new display and to ensure that the actions of the Subcommittee are appropriately reflected.

Action.

## **5430 Board of Corrections**

### **BOC Proposed Vote-Only Issue**

#### **1. May Revise. Extension of Liquidation Period.**

*May Revise Request.* This proposal requests budget bill language to extend the liquidation period of funding for the Santa Clara juvenile hall facility. The funds were originally appropriated for the County Juvenile Facilities Construction Grant Program to provide local assistance grants to counties. The funds are currently available for liquidation through June 30, 2006. The hall is currently under construction, but due to delays the county does not expect this project to be completed until early 2007.

*Staff Comments.* No issues have been raised concerning this request.

Action.

### **BOC Proposed Discussion Issues**

#### **1. Juvenile Justice Crime Prevention Act Funds**

The budget proposes de-linking the Juvenile Justice Crime Prevention Act (JJCPA) and the COPS programs and reducing funding for the JJCPA program by \$75 million. The remaining \$25 million would be shifted to the BOC for distribution to local governments. Since the creation of the JJCPA program, its funding has been linked with that of the COPS program. The funding for the COPS program is proposed to continue at \$100 million.

*May Revise Proposal.* The Administration subsequently proposed to decrease the funding at the BOC by \$25 million and shift that funding back to the Local Government Financing Item.

*Staff Comments.* This issue crosses over to the jurisdiction of Subcommittee #4, which handles Budget Item 9210 – Local Government Subventions. At the hearing on May 11 Subcommittee #4 restored the funding for the JJCPA program. The Subcommittee may wish to take the conforming action to reduce the funding in the BOC budget.

Action.

**2. TANF Funding For County Probation.**

*Finance Letter Request.* This Finance Letter proposes to provide \$201.4 million in federal Temporary Assistance to Needy Families (TANF) funding received by the Department of Social Services through the Board of Corrections budget to support county probation programs. The Governor's budget included federal authority for this program in the DSS budget.

*Staff Comments.* In the current year, this program has been funded by General Fund through the Board of Corrections budget. Because of the limited TANF funds, the Subcommittee may wish to approve continued funding for this program with General Fund.

Action.



## 5440 Board of Prison Terms

### BPT VOTE-ONLY ISSUES

#### 1. *Valdivia v. Schwarzenegger*.

*Budget Request.* The budget proposes 61.1 positions and \$7 million to meet the projected increase in hearing workload related to the *Valdivia* Remedial Plan for the budget year.

#### 2. May Revise. Parole Revocation Caseload.

*May Revise Request.* This Finance Letter proposes an increase of \$2,063,000 General Fund and 20.6 positions to meet the increased caseload projection for parole revocation cases.

#### 3. May Revise. Withdrawal of Lifer Workload Augmentation.

*May Revise Request.* This Finance Letter proposes a decrease of \$190,000 General Fund to eliminate the augmentation proposed in the Governor's Budget for lifer hearing workload.

*Staff Comments.* No issues have been raised concerning these requests.

Action.

## 5240 Department of Corrections

### CDC VOTE-ONLY LIST

#### 1. Third Party Discovery

The budget proposes three positions and \$480,000 in the Legal Affairs Division to assist CDC with responding to third-party discovery subpoenas. The positions would support the additional workload resulting from the DOJ discontinuing this function for the CDC.

*Staff Comments.* This issue was previously held open pending. The DOF has verified that the funding for this activity in the DOJ budget has been eliminated.

#### 2. May Revise. Energy Efficiency Projects, Base Reduction.

*May Revise Request.* This Finance Letter proposes a decrease of \$1,372,000 General Fund related to estimated energy savings for two energy projects.

#### 3. May Revise. Coleman Court Order: Mental Health Pay Differentials

*May Revise Request.* This Finance Letter proposes an increase of \$1,120,000 General Fund to fund the recruitment and retention pay differentials for mental health positions at 12 institutions to comply with a court order issued in the *Coleman* lawsuit on March 7, 2005. In addition, an increase of \$733,000 General Fund is proposed for the Department of Mental Health (DMH) to address the impact of the court order on positions at DMH facilities.

#### 4. May Revise. Coleman Court Order: Implementation of Revised Guidelines for the Mental Health Services Delivery System

*May Revise Request.* This Finance Letter proposes an increase of \$4,115,000 General Fund to implement the revised guidelines for the Mental Health Service Delivery System in the Administrative Segregation Unit and Security Housing Unit at California State Prison Corcoran to comply with a court order issued in the *Coleman* lawsuit on March 7, 2005.

#### 5. May Revise. Lease Revenue Adjustment.

*May Revise Request.* This Finance Letter proposes an increase of \$29,478,000 General Fund and a decrease of \$6,341,000 Reimbursements, associated with Lease Revenue Bond debt service adjustments that were set aside in the January 10 Budget, related to Control Section 4.30.

#### 6. May Revise. Updated Debt Service Payment.

*May Revise Request.* This Finance Letter proposes a reduction of \$6,020,000 General Fund and an increase of \$5,790,000 Reimbursements due to an updated debt service payment schedule for a lease revenue funded project.

*Staff Comments.* No issues have been raised concerning these items.

Action

**CDC DISCUSSION ISSUES****1. May Revise. Population Adjustment**

*May Revise Request.* A net increase of \$86,067,000 is proposed to reflect revisions in the projected growth of inmate and parole populations. This increase is composed of an increase of \$85,418,000 General Fund, an increase of \$570,000 from the Inmate Welfare Fund, and an increase of \$79,000 in Reimbursements.

Adjusted for recent population trends, the May Revision reflects an estimated institutional Average Daily Population (ADP) of 165,249 inmates in fiscal year 2005-06. This is 2,494 more than projected in the 2005-06 Governor's Budget. V The projected parolee ADP is 110,335. This is an increase of 13,733 from the number projected in the 2005-06 Governor's Budget.

Action.

**2. Salary Savings Adjustments**

*Budget Request.* The budget proposes \$35 million in ongoing funding to reduce its salary savings for certain positions. The proposal would reduce the salary savings rate for correctional sergeant, correctional lieutenant, and supervising correctional cook from 8 percent to 0 percent; reduce the salary savings rate for MTA, Psych tech, and Registered Nurse positions from 7 percent to 0 percent; reduce certain facility operations, case records , and education positions from various levels to 4.9 percent.

*Previous Action.* At the hearing on April 29, the Subcommittee voted to reject funding for this issue due to concerns that the funding would be used for purposes other than filling vacant positions.

*Staff Comments.* The DOF has indicated that this funding is an important element of the accountability measures that are being taken to match positions with budget authority. The Subcommittee may wish to revisit the issue, and provide funding along with budget bill language that restricts the use of the funds to filling positions that are being held vacant to achieve salary savings.

5240-001-0001. Of the amount appropriated in this item, \$35,036,000 is to fill specified positions held vacant by the California Department of Corrections and Rehabilitation in order to achieve salary savings. The Department of Finance will release funds to the department for this purpose only for those vacancies that the department fills during the fiscal year. Any unspent funds appropriated for this purpose shall revert to the General Fund.

Action.

**3. Finance Letter -- Basic Correctional Officer Academy Expansion**

*Finance Letter Request.* This Finance Letter proposed an increase of \$29,074,000 General Fund to increase the number of Basic Correctional Officer Academy cadets from 640 to 1,920 annually. The academy was deactivated in February 2004, based on projected population decreases which have yet to fully materialize.

Action

**4. May Revise. Unallocated Reduction to Inmate and Parole Programs.**

*May Revise Request.* This Finance Letter proposes an increase of \$51,152,000 General Fund to reflect a partial restoration of the \$95.3 million Unallocated Reduction that was proposed as part of the 2005-06 Governor's Budget. The revised reduction represents a net decrease of \$44,142,000 General Fund to the Department's budget. The department allocates the reduction by eliminating and reducing a number of intermediate sanction and parole programs.

In order to provide additional accountability for continued implementation of reforms in the budget year, the LAO recommends the following budget bill language.

5225-001-0001. Provision x. Quarterly, beginning on October 1, 2005, the California Department of Corrections and Rehabilitation shall provide to the fiscal committees of the Legislature and the Legislative Analyst's Office a report providing an update on the department's progress implementing recent parole reforms. This report shall cover adult parole program expansions made in the 2003-04 and 2004-05 Budget Acts, including Pre-Release Program, Police and Corrections Teams, Transitional Case Management Program for mentally ill parolees, Parolee Services Centers, Substance Abuse Treatment and Control Units, Restitution Program, Substance Abuse Treatment and Recovery, Residential Multi-Service Center, Global Positioning Satellite system, the 12-month discharge policy, and Comprehensive Community Wrap-Around Services Program. This report shall include the following information for each program: (1) identification of progress to date implementing the programs, including identifying the number of program slots, the number of program slots currently filled, and the total number of inmate participants to date in the fiscal year, (2) a comparison of current implementation progress to what is assumed in the current budget act and information explaining any shortfalls, (3) a comparison of the current implementation progress to the prior quarterly report, (4) the department's schedule for further program implementation, including the number of slots, location, and date for each, (5) identification of any other significant changes to the programs before the end of the current fiscal year, (6) the estimated implementation costs, (7) the estimated impact of the programs on the institution and parole populations, including data on parole violations and revocations by program participants occurring in the quarter, and (8) the department's policy regarding the criteria for placing an inmate or parolee in the program.

Action

**5. May Revise. Inmate and Parolee Program Enhancement Funding**

*May Revise Request.* This Finance Letter proposes an increase of \$15.0 million General Fund (\$30 million ongoing) to allow the Department to expand or improve existing programs, or invest in new programs for inmates and parolees. The proposal includes budget bill language that would make expenditure of these funds contingent on the Department submitting a plan to the Legislature regarding the use of the funds. The administration intends to expand evidence-based programs that improve public safety and reduce victimizations by reducing recidivism and preparing inmates to transition back to the community.

X. Of the amount appropriated in Schedule (3), \$15,000,000 shall only be available for expenditure upon approval by the Chairperson of the Joint Legislative Budget Committee of a plan to expend these funds on inmate and parolee programs. The plan submitted to the chairperson shall detail what programs will be implemented or expanded, the basis for the programs selected, and a timetable for implementing or expanding the programs.

Action.

**6. May Revise. Implementation of Improvements in the Dental Program**

*May Revise Request.* This Finance Letter proposes an increase of \$17,320,000 General Fund and 88.5 positions to implement improvements in the dental program as an effort to prevent a dental class action lawsuit. Of the total request, \$9.6 million is one-time and \$7.7 million is ongoing. The major components of the request are as follows:

- \$1.4 million for 50 Office Technician positions, effective January 2006. Previously, inmates performed many of the clerical duties performed at the dental clinic, but changes in regulations regarding access to medical information prevent inmates from continuing to perform that task. The proposal would provide an additional \$2.5 million in 2006-07 for an additional 50 Office Technician positions.
- \$1.3 million for 31.5 Dental Assistant positions. This would raise the ratio to one dental assistant position per dentist. Due to the lack of dental assistants, dentists are currently unable to perform many dental procedures.
- \$145,000 for secure locking cabinets and fax machines.
- \$300,000 for a dental salary survey and a dental workload study. In addition, the proposal includes \$150,000 starting in 2006-07 for three years to fund a contract project manager to assist with the implementation of the Inmate Dental Services Program.
- \$7.1 million one-time for the replacement of non-functional major dental equipment and \$1.3 million one-time for the replacement of non-functional minor dental equipment. The equipment includes dental chairs, compressors, and x-ray heads.
- \$4 million on-going for dental supplies.
- \$807,000 and 7 positions to create dental QMAT team to audit the dental care provided at each institution.
- \$500,000 to contract for a space survey.

Action.

**7. May Revise. Critical California Institution for Men Staffing and Facility Needs.**

*May Revise Request.* This Finance Letter proposes an increase of \$5,818,000 General Fund and 46.2 positions to increase staff, improve staff and inmate safety, and address critical physical plant deficiencies. The department indicates that upon review of staffing standards, CIM had less staff than comparable institutions with comparable missions. The request includes \$2.3 million for special repairs – mostly related to modifications for cell doors with cuff ports and replacement of cell windows with security windows.

The LAO has raised some concerns with this proposal. The LAO recommends partial approval of \$2.3 million of the request for special repair funding to address safety issues identified in a report by the Office of the Inspector General. The LAO recommends rejection of the remaining \$3.5 million for additional staff. The department reports that this portion of the request is based on its analysis comparing staffing levels at CIM to other similar institutions. According to the department, this analysis revealed that CIM has significantly fewer staff than those other institutions. However, the LAO indicates that the analysis provided to their office shows correctional staffing at comparable or higher staffing than similar institutions.

Action.

**8. Finance Letter -- Pharmacy Health Care Management System, Phase III Implementation**

This Finance Letter requests an increase of \$4,867,000 General Fund to fund the Phase III Implementation of a pharmacy automated information system project to improve delivery of health care to inmates, pharmacy operation, medication management, and to comply with legal and regulatory requirements. Budget bill language prohibiting the expenditure of these funds until the Feasibility Study Report for this project is approved by the Department of Finance is also requested. The total three-year costs for the system are \$12.3 million, of which \$8.9 million are one-time costs.

Action.

**9. Finance Letter -- Statewide Offender Management System**

This Finance Letter proposes an increase of \$253,000 General Fund to partially fund the extension of 5.0 limited-term positions for two years, until June 30, 2007. The remainder of the necessary funds (\$376,000 General Fund) for 2005-06 is proposed to be reappropriated from a previous appropriation.

At the Subcommittee hearing on April 28, the Subcommittee raised concerns about this project. In order to increase accountability on this project, the Subcommittee may wish to do the following:

- Approve reappropriation of \$376,000 General Fund to Item 5225-001-0001.
- Adopt the following budget bill language for Item 5225-001-0001 to allocate the additional requested funds once CDC has accomplished specific tasks on the Statewide Offender Management System:

X. In addition to the funds appropriated in this item, the sum of \$150,000 is hereby appropriated from the General Fund for the Statewide Offender Management System (SOMS) for fiscal year 2005-06. The appropriation made in this provision is not available unless and until the Department of Corrections enters into a contract for the development of a SOMS Feasibility Study Report. Upon contract signature, the Department of Finance may authorize expenditures up to the amount appropriated not sooner than 30 days after notification to the chairperson of the budget committee in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

X. In addition to the funds appropriated in this item, the sum of \$78,000 is hereby appropriated from the General Fund for the Statewide Offender Management System (SOMS) for fiscal year 2005-06. The appropriation made in this provision is not available unless and until the Department of Corrections reports its July 2005 through December 2005 SOMS accomplishments to the chairperson of the budget committee in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee. Upon CDC's submission of its accomplishments, the Department of Finance may authorize expenditures up to the amount appropriated not sooner than 30 days after notification to the chairperson of the budget committee in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

X. In addition to the funds appropriated in this item, the sum of \$25,000 is hereby appropriated from the General Fund for the Statewide Offender Management System (SOMS) for fiscal year 2005-06. The appropriation made in this provision is not available unless and until the Department of Corrections reports its January 2006 through March 2006 SOMS accomplishments to the chairperson of the budget committee in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee. Upon CDC's submission of its accomplishments, the Department of Finance may authorize expenditures up to the amount appropriated not sooner than 30 days after notification to the chairperson of the budget committee in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

Action

**10. Information Technology**

Due to the concerns regarding information technology projects that were raised at the hearing on April 28, the Subcommittee may wish to adopt budget bill language that require additional reporting on high risk technology projects at the CDC, and may wish to adopt budget bill language directing the Department of Finance to conduct an assessment of CDC's IT activities.

1. Proposed budget bill language for Item 5225-001-0001 to require quarterly reporting on high-risk Department of Corrections' (CDC) information technology (IT) projects:

X. Beginning July 2005, the Department of Corrections shall provide on a quarterly basis to the chairperson of the budget committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee copies of the monthly status and oversight reports submitted to the Department of Finance for any information technology projects in the Department of Corrections with a "high risk" rating as prescribed in state policy.

2. Proposed budget bill language for Item 5225-001-0001 to require the Department of Finance to conduct an assessment of CDC's IT activities:

X. On or before April 1, 2006, the Department of Finance (DOF) shall report in writing to the chairperson of the budget committee in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee of its assessment of the Department of Corrections' (CDC) information technology (IT) activities. The assessment shall include, but is not limited to, (1) a review of CDC's IT project management practices and capabilities compared to DOF's oversight framework, (2) an evaluation of CDC's ability to implement its current IT projects within DOF's approved timeframes and costs, and (3) recommendations to CDC on how address the assessment's findings. The assessment report shall include CDC's corrective action plan to address the assessment findings.

Action.



## 11. Chaplains

In California's state prisons, the prisoner to clergy ratio ranges from 1200:1 to 2200:1. This ratio makes it difficult to adequately provide ministerial services to inmates. This ratio is substantially higher than is recommended by ministerial groups. Adequate staffing for ministers in prisons can be an important component in the rehabilitation of inmates.

The Subcommittee may wish to consider an augmentation of \$250,000 for chaplain positions.

Action

## 12. Contract Registry

The department continues to experience high vacancies in its health care positions. The overall vacancy rate is in the range of 21 percent. The LAO notes that to-date, recruitment and retention bonuses do not appear to have made a significant difference in number of vacancies. The Table below highlights the vacancy rates for selected healthcare classifications as of November 2004.

<b>Vacancy Rates for Selected Health Care Classifications as of November 30, 2004</b>			
<b>Classification</b>	<b>Positions</b>	<b>Vacancies</b>	<b>Vacancy Rate</b>
<b>Staff Psychiatrist</b>	183.7	65	35.4%
<b>Registered Nurse</b>	1,070.96	300.76	28.1%
<b>Med Tech Assistant</b>	1,036.1	220.95	21.3%
<b>Psy Social Worker</b>	144.26	28.80	20.0%
<b>Clinical Psychologist</b>	424.4	82.9	19.5%
<b>Pharmacist I</b>	82.2	33.2	40.4%
<b>Pharmacist II</b>	32.0	13.0	40.6%

<b>Growth in Expenditures for Medical Registry Contracts</b>			
<b>Year</b>	<b>Total Expenditures</b>	<b>Increase</b>	<b>Percent Change</b>
<b>1998-99</b>	\$11,722,236	--	--
<b>1999-00</b>	\$14,795,111	\$3,072,875	26.2%
<b>2000-01</b>	\$28,869,934	\$14,074,823	95.1%
<b>2001-02</b>	\$46,790,565	\$17,920,631	62.1%
<b>2002-03</b>	\$63,821,909	\$17,031,344	36.4%
<b>2003-04</b>	\$74,550,196	\$10,728,287	16.8%

The Subcommittee may wish to adopt supplemental report language requiring the department to report on the number of vacancies and the funding expended on contract registries for healthcare services.

The Department shall report to the legislative budget committee of each house on a quarterly basis beginning September 29, 2005, on the number of filled positions and vacancies for healthcare professional positions and the dollars expended on contract registries for healthcare services at each institution.

Action.

## CDC Capital Outlay

### CDC CAPITAL OUTLAY PROPOSED VOTE-ONLY LIST

#### **1. CMC: Potable Water Distribution System Upgrade.**

*Budget Request.* The Budget proposes \$1.4 million from the General Fund for working drawings for a Potable Water Distribution System Upgrade at California Men's Colony. Future costs of the project total \$29.7 million.

#### **2. DVI: Groundwater Treatment and Non Potable Water Distribution System.**

*Budget Request.* The budget proposes \$818,000 from the General Fund for working drawings for a Groundwater Treatment and Non Potable Water Distribution System at Deuel Vocational Institute. Future costs of this project are \$9.8 million.

#### **3. CVSP: HVAC System**

*Budget Request.* The budget proposes \$28.9 million in lease revenue bonds for construction of a new Heating, Ventilation, and Air Conditioning (HVAC) System at Chuckawalla Valley State Prison.

#### **4. CMF: Solid Cell Fronts.**

*Budget Request.* The budget proposes \$372,000 from the General Fund for preliminary plans for solid cell fronts at California Medial Facility. Future costs are estimated to be \$27.4 million.

#### **5. HDSP/CCC: Arsenic Removal.**

*Budget Request.* The budget proposes \$800,000 to fund working drawings for a project to install treatment systems at High Desert State Prison and California Correctional Center to remove arsenic from the potable water. Future costs are estimated at \$12.7 million.

#### **6. Small Management Exercise Yards.**

*Budget Request.* The budget proposes \$2.6 million from the General Fund to fund construction costs for 96 small management exercise yards at California Institution for Men, California Men's Colony, and Deuel Vocational Institution. By court order, each inmate held in Administrative Segregation must be provided ten hours per week of out-of cell exercise. This is the first of several phases. The remaining phases will include construction of 292 small management yards for Administrative Segregation Units at male institutions and 25 small management yards for Administrative Segregation Units at female institutions. The total estimated costs for the remaining phases is \$8.7 million.

**7. CEN: Headworks Modifications.**

*Budget Request.* The budget proposes \$207,000 from the General Fund to fund preliminary plans for a new headworks ahead of an influent pump station at Centinela State Prison. The future estimated costs for this project are \$3 million.

**8. DVI: New Wastewater Treatment Plant**

*Budget Request.* The budget proposes \$1.5 million from the General Fund for preliminary plans for a new wastewater treatment plant at Deuel Vocational Institute. The future costs are estimated at \$24.3 million.

**9. COR: Wastewater Treatment Plant Improvements.**

*Budget Request.* The budget proposes \$290,000 for preliminary plans for improvements to the wastewater treatment plant at Corcoran State Prison. The future costs for the project are estimated at \$4.3 million.

**10. CEN: Wastewater Treatment Plant Upgrades.**

*Budget Request.* The budget proposes \$275,000 for preliminary plans for upgrades to the wastewater treatment plant at Centinela State Prison. The future costs for this project are estimated to be \$2.8 million.

**11. CCC: Wastewater Treatment Plant Modifications.**

*Budget Request.* The budget proposes \$1.6 million for site acquisition related to wastewater treatment plant modifications for California Correctional Center and High Desert State Prison. The effluent for both facilities is under capacity for current flows and loads. The recommended solutions include grading or adding new facilities, including: headworks, secondary treatment ponds, storage ponds, effluent irrigation land, solids handling, and emergency generator.

**12. Preplanning and Budget Packages.**

*Budget Request.* The budget proposes \$1 million from the General Fund for preplanning and budget packages. This is the same as funding provided in the current year.

**13. Minor Capital Outlay Projects**

*Budget Request.* The budget proposes \$5 million for minor capital outlay projects. This is the same funding as provided in the current year.

**14. CIM: Hemodialysis.**

*Finance Letter Request.* This Finance Letter proposes a decrease of \$153,000 from the General Fund for Preliminary Plans for a 15-station hemodialysis clinic at California Institution for Men, Chino to provide on-site hemodialysis treatment for up to 90 inmates with chronic renal

insufficiency. The CDC's recent update of its forecast for the need of hemodialysis indicates this project can be deferred to future years without adversely impacting the department's ability to provide hemodialysis to inmates that need it.

**15. WSP: Prescreening Facility at the Wastewater Treatment Plant.**

*Finance Letter Request.* This Finance Letter proposes a decrease of \$1,308,000 from the General Fund and a similar increase in bond funds for construction of a prescreening facility at the wastewater treatment plant at Wasco State Prison. The Department of Finance has determined that this project may be funded from 1988 Prison Construction Fund.

**16. PVSP: Pre-Lift Station.**

*Finance Letter Request.* This Finance Letter proposes a decrease of \$925,000 from the General Fund and a similar increase for construction for a bar screen, pre-lift station at Pleasant Valley State Prison. The Department of Finance has determined that this project may be funded from 1990 Prison Construction Bond Fund.

**17. CMC: East Electrified Fence.**

*Finance Letter Request.* This Finance Letter proposes \$4,619,000 from the General Fund for Construction for an electrified fence at California Men's Colony. This project would provide a lethal electrified fence and would result in eventual staff savings by reducing the need for guards in observation towers.

**18. SCC: Electrified Fence**

*Finance Letter request.* This Finance Letter proposes an increase of \$3,745,000 from the General Fund for construction of an electrified fence at Sierra Conservation Center. This project would provide a lethal electrified fence and would result in eventual staff savings by reducing the need for guards in observation towers.

**19. SCC: Effluent Disposal Pipeline**

*Finance Letter Request.* This Finance Letter proposes \$11,793,000 from the General Fund for Construction for an effluent disposal pipeline at Sierra Conservation Center. This project would provide disposal capacity for the institution's wastewater effluent, as required by the Regional Water Quality Control Board, and includes an 8-mile pipeline, reservoir, and spray fields. This appropriation would replace an existing appropriation (\$8,142,000), being proposed for reversion in Item 5240-495 below. Combined, the requested actions reflect a net cost increase of \$3,381,000 for additional environmental mitigation and monitoring, additional design work for changes in pipeline routing, and increases in estimated construction and material costs.

**20. Reversion of SCC Effluent Disposal Pipeline Funds.**

*Finance Letter Request.* This Finance Letter requests to revert the unencumbered balance of Item 5240-301-0001, Budget Act of 2001, for Construction for an effluent disposal pipeline at Sierra Conservation Center.

**21. DVI: Groundwater Treatment/Non-potable Water Distribution System—Working Drawings**

*Finance Letter Request.* The 2005 Governor’s Budget erroneously titled the project (61.06.029) as the Ground Treatment/Non-potable Water Distribution System. The project should be named the Groundwater Treatment/Non-potable Water Distribution System. The scope and costs of the project do not change and accurately reflect the corrected title.

**22. CEN: Increase 233,000 for Preliminary Plans for Wastewater Treatment Plant Upgrades.**

This project is proposed to be combined with another wastewater project at Centinela State Prison, Imperial(see #21 below). The project was previously titled Headworks Modification to Wastewater Treatment Plant. The proposed new title, Wastewater Treatment Plant Upgrades, better reflects the scope of the combined wastewater project. Cost of preliminary plans is reduced by combining the two projects. The net effect of combining the two projects is a reduction of \$42,000 for the preliminary plans.

**23. CEN: Decrease \$275,000 for Preliminary Plans for Facility-wide Modifications to Wastewater Treatment Plant.**

*Finance Letter Request.* This project is proposed to be combined with another wastewater project at the facility (see #20 above). The net effect of combining the two projects is a reduction of \$42,000 for the preliminary plans.

**24. Amend Provision 5 of Item 5240-301-0660.**

*Finance Letter Request.* In the Governor’s budget, the language incorrectly identified the Department of Justice in this provision.

“5. The State Public Works Board shall not be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code). This section does not exempt the Department of ~~Justice~~ Corrections from the requirements of the California Environmental Quality Act. This section is declarative of existing law.”

**25. Technical Budget Bill Language regarding lease revenue bonds.**

*Finance Letter Request.* The Finance Letter makes a technical change to add standard budget bill language regarding lease revenue bonds to Budget Item 5240-302-0660.

**26. Wastewater Treatment Plant at California Correctional Institute.**

*Finance Letter Request.* This Finance Letter proposes an increase of \$19,715,000 in lease revenue bonds and to add the working drawings and construction of a wastewater treatment plant renovation at California Correctional Institution, Tehachapi. This proposed appropriation will replace an existing appropriation of \$15,743,000 proposed for reversion below, for a net increase of \$3,972,000 for the project. The project was delayed because of delays in completing due diligence. The revised cost estimate is proposed due to the significant increase in materials and equipment costs that could not be handled within augmentation authority.

**27. Various Reappropriations**

*Finance Letter Request.* This Finance Letter proposes reappropriations for the following five projects.

A. Statewide: Evaluation of Mental Health Facilities—Study. Development of environmental documents, architectural programming, and pre-design activities are underway. This reappropriation is necessary in the event of unanticipated schedule delays or environmental issues.

B. Deuel Vocational Institution, Tracy: Groundwater Treatment /Non-Potable Water Distribution System—Preliminary Plans. Design was delayed because of additional pre-design research necessary to develop alternative methods of brine disposal.

C. Chuckawalla Valley State Prison, Blythe: Heating, Ventilation, and Air Conditioning System—Working Drawings. Working drawings are scheduled to be completed June 2005. This reappropriation is necessary in the event of a delay to their pending approval at the June 2005 Public Works Board meeting, unanticipated design issues, or project schedule delays.

D. High Desert State Prison/California Correctional Center, Susanville: Arsenic Removal from Potable Water Supply—Preliminary plans. Design was delayed to develop pre-design alternatives to identify the most cost-effective solution for arsenic removal.

E. California Medical Facility, Vacaville: Mental Health Crisis Beds—Preliminary Plans, Working Drawings, and Construction. A request for a supplemental appropriation for this project was requested April 1 because of modified scope and increased costs. Assuming legislative approval of the additional funding, this reappropriation is necessary to account for legislative action and any further unanticipated delays.

**28. Extending the Liquidation Period on Two Projects.**

*Finance Letter Request.* This Finance Letter proposes to extend the liquidation period on the following two projects. Add item 5240-491 to extend the liquidation period for the following:

A. Construction of the Correctional Treatment Center, Phase II at the California Institution for Women, Frontera originally appropriated by Item 5240-301-0001, Budget Act of 2001. Extending the liquidation period is necessary to provide adequate time to complete work on the plumbing system required for facility licensure.

B. Construction of the Wastewater Collection Treatment Upgrade at the California Men's Colony, San Luis Obispo originally appropriated by Item 5240-301-0660, Budget Act of 2001. The project is currently scheduled to be completed May 2006 and the liquidation period ends June 30, 2006. Extending the liquidation period is necessary in the event of any unanticipated delays in construction.

### **29. Reversion of CCI Wastewater Treatment Plant Renovation Funds.**

*Finance Letter Request.* This Finance Letter proposes to revert the unencumbered balance of Item 5240-301-0660, Budget Act of 2003, for construction of a wastewater treatment plant renovation at California Correctional Institution, Tehachapi.

### **30. May Revise. DVI Potable Water Treatment.**

*May Revise Request.* This Finance Letter proposes an increase of \$270,000 General Fund to provide additional working drawing funds for the potable water treatment/non-potable water distribution system at Deuel Vocational Institution, Tracy. The Finance Letter indicates that it has been determined that the capacity of the treatment system must be increased to meet drinking water requirements and that the treatment plant must be protected from a 100-year flood event.

### **31. May Revise. CIM Solid Cell Fronts.**

*May Revise Request.* This Finance Letter proposes \$600,000 General Fund for Preliminary Plans for solid cell fronts at the California Institution for Men, Chino. The administration indicates that this project will enhance safety for prison staff and inmates in the Administrative Segregation areas and continues a statewide effort to provide solid cell fronts for all Administrative Segregation cells.

### **32. May Revise. CMC High Mast Lighting.**

*May Revise Request.* This Finance Letter proposes \$154,000 General Fund for Preliminary Plans and Working Drawings for high mast lighting at California Men's Colony, East Facility, San Luis Obispo. This project will enhance safety by enhancing correctional officers' ability to monitor yard activity by providing brighter and more uniform lighting of the exercise yards than the current lighting system. The existing lighting system has been cited as a contributing factor for numerous incidents during yard activity.

### **33. May Revise. CIM Minor Capital Outlay Security Enhancements**

*May Revise Request.* This Finance Letter proposes \$1,654,000 General Fund for minor projects to enhance security at the California Institution for Men-East and Central Facilities, Chino. This

will provide funding for 10 security enhancement projects. It is also requested that provisional language be added to allow the CDC to use these funds to complete construction of security enhancements in excess of \$400,000 per project as necessary and that CDC report any project savings to the Department of Finance.

#### **34. May Revise. Arsenic Removal Water Treatment System**

*May Revise Request.* This Finance Letter proposes \$2,378,000 General Fund for Preliminary Plans, Working Drawings, and Construction of an arsenic removal water treatment system at Kern Valley State Prison, Kern. The administration indicates that this project is required to meet federal drinking water standards that become effective January 2006.

#### **35. CMF: Mental Health Crisis Beds**

*Finance Letter Request.* This Finance Letter proposes an increase of \$7,955,000 in lease revenue funds for construction of a mental health crisis bed facility at California Medical Facility. This appropriation would provide additional funds for construction of this 50-bed mental health crisis bed facility. While developing preliminary plans, the Department of Corrections identified a need for an additional 7,300 square feet, primarily because of the need for licensed ancillary hospital services at the Crisis Bed facility. The California Medical Facility's existing licensed facility does not have the capacity to provide these services to the new facility.

#### **36. SVSP 64-Bed Mental Health Facility.**

*Finance Letter Request.* This Finance Letter proposes \$27,518,000 in lease revenue funds for Preliminary Plans, Working Drawings and Construction of an additional 64-bed mental health facility at Salinas Valley State Prison. This project would allow the Department of Corrections to construct a second 64-bed intermediate level of care facility to house seriously mentally ill inmates that require an inpatient level of care. The CDC reports that the statewide need for licensed, intermediate inpatient mental health beds greatly exceeds current capacity. This facility would provide for additional onsite mental health inpatient treatment for the rapidly growing statewide population of male, maximum-security (level 3 and 4) inmates requiring inpatient mental health care beyond the short-term crisis level of care.

*Staff Comments.* No issues have been raised for the projects on the Vote-Only list.

Action.



**CDC CAPITAL OUTLAY DISCUSSION ISSUES****1. CIM: New Mental Health Facility**

*Finance Letter Request.* This Finance Letter proposes \$12.0 million General Fund for preliminary plans for a new mental health facility at California Institution for Men, Chino. The project envisions new housing, program space, and support services for the seriously mentally disordered inmate population, including Enhanced Outpatient Program (EOP), Administrative Segregation EOP, Psychiatric Services EOP, Inpatient non-acute, and mental health crisis levels of care as defined by the CDC's Mental Health Delivery System. The project will support approximately 1,500 mentally disordered inmates and 500 general population work crew inmates. The future estimated costs for this facility are \$441,601,000.

This is one of three new mental health facilities that the CDC is proposing. There is a Finance Letter request for the study phase of a facility at California Men's Colony, and the department is putting together a proposal for a facility at CSP Sacramento. These three facilities would house approximately 6,000 inmates and would cost \$1.4 billion to construct.

*Analyst's Recommendation.* The LAO has raised concerns regarding this proposal and the next proposal. The LAO recommends rejecting both proposals at this time and recommends that the CDC provide analysis of alternatives and the operational impacts prior any such project.

Action.

**2. CMC: New Mental Health Facility**

*Finance Letter Request.* This Finance Letter proposes \$3.3 million for a study for a mental health facility at California Men's Colony, San Luis Obispo. The project envisions new housing, program space, and support services for the seriously mentally disordered inmate population, including Enhanced Outpatient Program (EOP), Administrative Segregation EOP, Psychiatric Services EOP, Inpatient non-acute, and mental health crisis levels of care as defined by the CDC's Mental Health Delivery System. The project will support approximately 1,500 mentally disordered inmates and 500 general population work crew inmates. These funds would be used to evaluate two potential locations at California Men's Colony, including an environmental impact report, architectural programming, pre-design, and schematic design. The future estimated costs for this facility are \$461,167,000.

Action.

## 8180 Payments to Counties for the Costs of Homicide Trials

### **May Revise. Reporting Requirements.**

*May Revise Request.* This Finance Letter proposes budget bill language to strengthen reporting requirements for counties that receive homicide trial reimbursements.

The proposed language is as follows:

XX. All counties that apply for a grant pursuant to this Item shall provide the State Controller's Office and the Department of Finance a written summary of any amounts that they received pursuant to this Item in a previous fiscal year that were not expended as of June 30, 2006. This summary shall detail the amount of unexpended funds by the fiscal year in which they were received. The summary also shall include a description of the purposes for which the county proposes to use the unexpended funds. Applicant counties shall provide this written summary to the State Controller's Office and the Department of Finance no later than June 30, 2006. To ensure compliance with this requirement, the State Controller's Office shall notify counties of this requirement when they submit their applications for funding.

Action